BUY-BACK PLAN VS. COMMUNITY PLAN

BUY-BACK PLAN:

Many tenants and supporters have been asking where are the tenants going to get the money to buy back the Hotel and why do we even have to buy it back?

Graham has said that money from the commercial tenants will buy back the Hotel. This raises the rents of the commercial and residential tenants and puts the burden of paying for the Hotel on the people. This will divide the unity of the block that has been built in this struggle. Already this plan has made the IHTA responsible for paying property taxes, making all repairs and buying insurance.

How do we get out of this? The legal committee has been doing research on government housing programs. We have come up with some concrete information about possible alternatives to the buy-back plan. To get these alternatives we must continue to rely on our mass support.

COMMUNITY PLAN:

The Housing Authority would get the money to buy the building from the Federal Government. The money would be funneled through the Department of Housing and Urgan Development (HUD). Two federal programs the Housing Authority can get money from are:

1. Section 8 of the U.S. Housing Act, in which HUD money can be used to buy buildings requiring substantial rehabilitation. HUD buys these buildings and repairs them to bring them up to code, to be used for low-income housing. Recently Congress gave more money to this program.

2. Annual Contributions Program, inwhich the Housing Authority buys the building and HUD pays them back over a period of years. HUD money would be used to repair the building.

We feel that this is a real alternative. The voters of San Francisco have approved at least 4000 units to be used for low income housing. (A unit is a room or rooms used by one family; or a single person living alone.) The voters in the last election approved the establishment of a state housing finance agency and authorized it to buy buildings for use as public housing. HUD money could be channelled through this agency as well as through the Housing Authority.

MANAGEMENT:

The Hotel would be managed by the tenants. HUD has been experimenting with tenant management programs for 2 years. They were forced to do this because of mass tenant pressure. Tenant management programs exist at this time in these cities: Jersey City, Louisville, New Haven, New Orleans, Oklahoma City, Rochester, St. Louis and Boston. HUD money is available to train tenants to manage their own building. (San Francisco was asked to participate in this program 2 years ago but refused. The legal committee has some information about this. If you are interested in seeing it, please contact one of us.)

RENT:

Rent would be set by the Housing Authority. Rent subsidies are available from HUD under another part of the "Section 8" program. Under Section 8, tenants pay no more than 25% of their income as rent. For example; if the 25% doesn't cover the cost of the rent as set by the Housing Authority, HUD pays the rest.

HUD has programs for both mixed income (low and medium income) projects and low income projects. Very low, low, and medium income people, single people in some circumstances, families, elderly, and handicapped are eligible. The HUD requirements are explained at the bottom of the page.

In doing this research we found out that the Housing Authority also has built space for non-residential use. In the Ping Yuen Projects 8,000 feet is being used for community programs. We feel this sets the precedent for maintaining the community centers and small shops.

We think it is possible to design a program to meet the needs of the Hotel without changing its character. As we have learned fromoour past experiences, the government will not simply give us what we want. We must continue to build our mass support to pressure the government to meet our demands.

* * * * *

HUD Section 8 income limits for existing housing for the City and County of San Francisco:

NO. OF PERSONS	MODERATE LOWER INCOME		VERY LOW INCOME
1	9,500	5,900	5,900
2	10,900		6,800
3	12,300		7,600
4	13,600		8,500

* * * * *

Who has responsibility if a financing plan does not work as projected?
The rent of tenants at other public housing projects in the city is not tied to paying off bonds within 30 years; what would happen if there isn't full occupancy at the I-Hotel?

What are lease revenue bonds? Are such bonds a burden on city taxpayers?

Would downstairs tenants pay same rent for the same amount of space?

What specifically are the unoccupied spaces downstairs?
Is the storage space used by Lee's Second-hand Store considered an unoccupied space?

If a downstairs tenant should move out in the coming years, should the rent be raised to commercial rates? Or, should it be kept low so that other community groups could afford to move in, such as a childcare center?

Should downstairs tenants pay less per square foot than residential tenants?

Should we come up with a specific plan or should we let the city decide how to do it?
Since we are dealing with a nonresponsive, even hostile city government, won't they just say it can't be done if we leave the specifics to them? If we come up with a plan then that shows the media and public that saving the I-Hotel is feasible? But should we center on the one best plan, or suggest several feasible ways in which city government could save the I-Hotel?

Why shouldn't the Community Development funds be a grant rather than a loan?

What are other funds are available?

Do the downstairs tenants have unutilized space? Should this be considered available to rent out at commercial rates?

Are there legal barriers preventing the City or Housing Authority from renting out downstairs spaces to community organizations? Small shops operating for profit? *

Is the existing Moscone plan, now on appeal in the courts, important to maintain as a fallback position if Prop. U loses? At least it has been approved by the Board of Supervisors, and even the new Board might accept a heavy NO vote as a mandate to do nothing to help the I-Hotel? Will Moscone ever accept a plan that doesn't have a large element of self-financing? Suppose U loses, but the Moscone plan (buy-back plan) wins on appeal: would it be a viable strategy to go ahead with it, and as it breaks down in coming years (for example, full occupancy not maintained, or maintenance funds prove insufficient) fight then for city funds to supplement it as needed?

Under the Lease, is the IHTA responsible for unforeseen events? What happens if IHTA misses a monthly payment? Does it assume 90% occupancy? If one tenant is sick and can't pay rent, do other tenants have to pay more to make up the difference?
If IHTA must pay a lump sum each month, how can it be HA's responsibility if all rooms are not rented?

*If there are barriers, should we try to create new precedents? Change the law?

What space downstairs will be saved for the tenants? The rec room?

Does "tenant management" mean IHTA? What role do the downstairs tenants have?

Will I-Hotel tenants have priority to move back in? If tenants are given priority on the HA's waiting list, does this mean all tenants or only those meeting HA income standards?

A new plan should be considered in the context of the post-Nov. 8th political situation: 1) if U wins, 2) if U loses. What plan would be best in gaining support of new supervisors? In mobilizing support of the public?

A new plan ought to be broken down into its elements as to which unit of city government will have responsibility for implementing which part and when. This would be a gauge for us and the public so as to know immediately if the city govt. is living up to the Nov. 8th mandate, and, if not, where specifically we ought to apply pressure.

If Prop. U loses, an analysis of what we did accomplish should be made immediately to see what pro-I-Hotel arguments can be derived. For instance, although losing citywide, Prop. U might have won in six districts (a majority). How many poor people did not vote? What was the effect of unanimous media opposition to U?

Should we reject Housing Authority ownership in favor of City ownership? (Any other ownership possibilities?) Midtown Park Apartments, at Geary and Divisadero, are owned by the City; the tenants there run it under a management contract: in detail, how is this working out? Would we want something similar? (Who will interview them and report to us?)

If I-Hotel building is lost, how should site (or, the whole block) be used?

INTRODUCTION

The International Hotel Tenants Association and their supporters, with the aid of their technical consultants, have prepared a plan to save the International Hotel. It is financially feasible, easily implemented, and will not cost the city anything beyond moneys already assigned to assist in the provision of low-income housing. We are presenting our plan to Mayor Moscone, the Board of Supervisors, the Housing Authority, and the public, in the hope that immediate steps will be taken to set the plan in motion. The threat of an eviction which almost no one in San Francisco wants — except the Four Seas Investment Corporation — hangs over our heads, and might be carried out within a few short weeks. If the city accepts our plan and begins at once to implement it, there will be no eviction, and the residents of the Hotel will have permanent, decent housing, at rents they can afford, in the neighborhood they want.

THE PLAN

Purchase and Ownership: Our plan calls for the Housing Authority or City* to initiate at once a new eminent domain proceeding to acquire the Hotel for permanent ownership. Such acquisition would be legal, according to Judge Peery's May 27 ruling, and would avoid requiring the tenants to pay back the full acquisition price, an amount so high that rents would have to be immediately and drastically raised and current residents would be evicted just as surely as they would by Four Seas. The total price for acquiring the Hotel (about $1.25 million — possibly less if the recent placement of the Hotel on the National Register of Historic Places effectively lowers the reuse/market value of the property) and making the desired renovations ($350,000) would be paid for via a Housing Authority or City revenue bond issue. The proceeds of this bond issue would be used to repay the Community Development money borrowed to pay for the Hotel and to cover renovation costs.

How the bond issue will be repaid: The revenue to repay this bond issue would come from three sources:

1. Rents from the residential spaces at the Hotel. Assuming no increase in current rent levels (that is, an average monthly rent of $50 per room), full occupancy of the Hotel's 155 rooms will produce $93,000 annually. (A renovated Hotel, without the threat of eviction hanging over it, would have no trouble achieving full occupancy, given its fine location, the overall shortage of decent,low-rent housing in Chinatown-Manilatown and SF generally, the Housing Authority's large waiting list, and the possible "prestige" value of living on the site of a famous local struggle.)

2. Rents from the downstairs (street level and basement) community/commercial spaces. These now amount to $24,000 a year. Additional rents from the four large, well located downstairs spaces that now are vacant, at prevailing commercial rent levels for the area, would produce another $26,000 a year, yielding a total of $50,000 from the downstairs spaces.

The total rent revenue from the Hotel then—plus use of the $100,000 grant the Hotel has already received from the Campaign for Human Development—would be sufficient to repay the entire bond issue, except for a $447,500 gap. (Our financial feasibility study of course takes into account vacancy losses, costs of insurance, operation and maintenance, and a reserve fund.) This gap would be covered from a third source:

3. An annual allocation, for ten years, of $60,000 (or, alternatively, $29,000 for 30 years) from the rent supplement moneys already allocated to subsidize low-rent housing from the 1/2 per cent increase in the city's hotel tax enacted in 1973.

This hotel tax fund was originally created to provide subsidies for the replacement housing needed as a result of the loss of 4,000 low-rent units from the Yerba Buena Center site. The ordinance now provides that to the extent TODCO (the South of Market tenants' group that forced the city to create this fund) is able to secure federal or state subsidies that money shall be used instead of hotel tax money. To date, TODCO has been able to secure $4.8 million in HUD Sec. 8 money, enough to subsidize 60 per cent of the 500 replacment units it plans to develop. While TODCO cannot at this moment ascertain exactly how much of the hotel tax fund it will not need, it is clear that reallocating $60,000 a year will in no way impede TODCO's ability to complete its important work. The amount needed to save the International Hotel is a mere seven per cent of the total annual "take" from the hotel tax fund for low-rent housing—a fund which increases by $800,000—900,000 a year and which as of August will have close to $3 million in it.

In order to permit this reallocation of the low-rent housing fund derived from the hotel tax, the Board of Supervisors must amend the hotel tax ordinance. But what is called for here is no additional expenditure of city money. The 1/2 per cent hotel tax increase was passed in order to provide low-rent housing subsidies. Now that some of the money is no longer needed by TODCO; it is a simple and just matter to permit some of that money to be used elsewhere in the city. The Yerba Buena project caused a net loss to the city of nearly 2,000 low-rent housing units, even after all of TODCO's housing gets built. Most YBC displacees — elderly single people, just like those who live at the International Hotel—relocated in the North of Market area, adding to housing shortages there and helping to drive rents up. It is only just that the hotel tax fund be used to continue replacing and saving the city's precious low-income housing stock. (It should be noted that if the Hotel receives the $133,000 rehabilitation grant it has applied for from the National Park Service—and the Hotel's application reportedly is ranked third among the 28 applications the government has received—the "gap" between the rents/grants and the city's bond issue would be only $314,500 and the annual reallocation needed from the hotel tax's low-income housing fund would fall to $43,000. Other subsidy sources besides the hotel tax fund are also possible: community development money, tax increment funds from urban renewal projects such as the Golden Gateway, further private foundatin grants. Use of these funds would lessen or eliminate the need to draw on the hotel tax fund.)

Management of the Hotel: The second component of our plan — beyond ownership and financing — is just as important as the first. The Hotel community, which has fought so hard to save their homes, must maintain control and management of the Hotel. To carry this out, the Housing Authority or City must sign a management contract with the International Hotel Tenants Association, permitting the IHTA to establish overall management policies, select tenants, hire its own staff, and manage the building itself.**

Immediate Steps Needed: What is needed immediately is support for this plan from the Mayor, the Board of Supervisors and the Housing Authority. The Housing Authority or City must then imeediately move to initiate a new eminent domain action, based on permanent ownership of the Hotel. (At the same time the City and Housing Authority must pursue the stay of eviction action before the Court of Appeals, in order to allow sufficient time to implement this plan.) The eviction threat then will be definitively lifted. The people of the Hotel will be allowed to continue living there in peace, at rents they can afford, and with the right to manage the space they have fought for so valiantly.

* There is also adequate precedent for this, in San Francisco and elsewhere. Many local housing authorities—notably in St. Louis, Boston and Newark—have allowed Tenant Management Corporations to take over full management of their projects, and other cities are beginning to adopt similar plans. In San Francisco, the city-owned Midtown Park development is totally under the control of a tenant corporation. In all instances, tenant management has proved superior to outside, bureaucratic management, financially as well as socially.

* If for any reason the Housing Authority cannot or will not acquire the Hotel, the same action can be undertaken by the City. City ownership of the Hotel has a precedent in the Midtown Park housing development at Geary and Divisadero, which the City has owned since 1968.

WELCOME! First weekly, Sunday, Nov. 6 10:30 am Bunlo - Stanford BACK.

The support committee strongly supports the tenants sitting in at the Mayor's office. We are fully behind their demand that Moscone stop the evictions. All Moscone has to do is sign and submitt the attached letter. By doing this he would be ordering the H.A. to ask the court for a new stay, and apply for a new eminent domain action.

A new eminent domain action is necessary under the plan submitted by the IHTA. While we agree with the need for a new eminent domain action we have some amendments to make to help make the plan more feasible.

1. According to the consultants ecomomic feasibility study, income from the "community space rentals" would amount to $60,000. This is 2½ times the current income. The consultants must state explicitly how much rent and space the current occupants will be paying and getting For we need to be shown how the current downstairs tenants can remain at their present location and at their current rent levels under this plan, since we are also fighting for the rights of community organizations and small shops.

2. The consultant's plan relies on getting hotel tax money which has been allocated to TOOR. TODCO, TOOR's financial committee has voted 6-0 against giving up their money. (The 7th director was unavailable.) We recognize that the TOOR money was won because of mass pressure. We can apply the same pressure and make the city buy the Hotel. We will not let the City divert our struggle, and have us fighting with other groups over small amounts of meney. The City must use its money to buy the Hotel.

The city is not broke as it claims to be. Through discussions with Community Development Fund officials, we have discovered that the $1.3 million loaned to the IHTA, tohen repaid will be used to build Community Neighborhood Centers, which will provide social services and community meeting centers. The majority of this money will be spent in Chinatown. We support the use of this money, but feel that the community organizations in the hotel already serve some of these needs, and that part of the 1.3 should be used to help them remain in the hotel. The loan can be made into a grant.

HUD program's funding was recently raised by the Carter administration. The S.F. Housing Authority got 20% more money then it had budgeted. Section 8 rent subsidy and rehabilitation funds could go to the hotel.

The Major has available to hom a contingency fund with over $1 million in it at the present time. The Major can use this fund at his discretion for any emergency.

The Neighborhood Arts fund could be used by the City or Federal Gov't. as a loan to buy the Hotel, to be repaid by the City or Federal Government. All these funds come from taxes already paid by the people. No new taxes need be raised. The city sumply must use the taxes we have paid to meet our communities needs.

In summary, we will unite with any plan that deals with the above issues, and one that affirms that:

1. The City is ultimately finacially responsible for the purchasing of the Hotel and for its maintenance.

2. Supports the rights of present tenants to remain in the spaces they now occupy.

3. Supports the maintenance of the present rents.

4. Supports tenant management for housing and a community that meets the needs of its Chinese and Filippino people, including community organizations and small shops.